NEWS RELEASE

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88% of companies surveyed do not have a Silver Hair strategy for the Singapore market

- Only 12% take account of the Republic’s fast growing elderly population in their marketing strategies

ALTHOUGH Asia’s Silver-haired population (over 50 years of age) is expected to increase to over 30% in the next two decades, less than a quarter of companies with operations in the region have a marketing plan that takes into account this fast growing segment.

Spire Research and Consulting (Spire), in a recent study of regional companies and their marketing strategies to the elderly, found that none of the companies with operations in Singapore saw any urgency to tackle this demographic time bomb. However, nearly a third of those without a current Silver Hair strategy intended to implement such strategies in three to five years’ time.

In the survey, interviews were conducted with over 100 leading and reputable companies operating in 11 countries in the Asia Pacific, spanning key industries like manufacturing, healthcare, lifestyle and leisure, as well as information and communications technology.

Japan, with one of the highest percentages of the elderly in its population at 21%, was viewed by nearly a third of the companies surveyed as the market with the greatest potential for Silver Hair products and services (see Appendix, Fig 1). This was followed by China, with a quarter of the respondents identifying it as the market with the greatest potential for products and services targeting the elderly. Clearly, many companies now understand the importance of aging in

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1 The interviewees for this study are executives with knowledge of the marketing function in leading and highly reputable firms across various key industries. Their viewpoints are deemed to be reflective of the sentiments of companies in Banking & Investment, Property, Consumer Electronics, Retail, Pharmaceutical & Health Supplements and Lifestyle & Leisure Industries
2 Japan’s Ministry of Internal Affairs and Communications, Statistics Bureau
China, ranking it second only to Japan. The country which scored the lowest on potential for the elderly market was Thailand.

Another interesting finding of the Spire survey was that the internet and the computer are emerging as growing consumer industries for the older population. Even though ICT companies now have few strategies targeted at the older population, more than a quarter plan to develop one by 2010. This is in keeping with the trend of older people beginning to value the internet as an information source.

In 2005, one-fifth of Asia-Pacific’s population was aged 50 or older. By 2050, that figure will reach nearly 40%. While Asian countries like India – where 60% of the population is less than 25 years old – have a large youth consumer segment, others such as Hong Kong, South Korea and Singapore have a mushrooming elderly population (see Appendix, Fig. 2). According to a recent global survey, more than 71% of those aged 60 to 70 still earn their own income.

**Key findings of Spire’s research include:**

**Global**

- Only 23% of companies in the region currently employ marketing strategies targeting the older population.
- Of the 77% that do not have such plans as yet, more than a quarter will be developing a silver-hair strategy in the next five years (see Appendix, Fig 3).
  - 35% of these say that the elderly will form an important customer segment in the next 3-5 years’ time, though only 7% believe this to be true in the next 1-2 year time frame. This demonstrates that most leading firms see the aging population as a challenge to be addressed in the mid-to-long term.
- Companies consider Japan, China and Korea to be the countries offering the best opportunities for silver-hair products and services (see Appendix, Fig. 2).
- The industries affording the brightest prospects for silver hair strategies are, not surprisingly, healthcare and pharmaceuticals, followed closely by lifestyle & leisure, banking & finance and insurance (see Appendix, Fig 4).

**Information and communications technology**

- A survey last year by the Japan Advertisers Association found that, for the first time, men aged 50 and older made up the largest segment of net users in the mid-morning and mid-afternoon.

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3 HSBC and Oxford Institute of Aging survey, 2006
Nifty, one of Japan’s largest Internet providers, has set up a special blog service for seniors, called Golog. 60% of Golog’s users are men; 22% in their 50s and almost 10% in their 60s.

Home Computing Network (HCN) has established more than 300 schools since 1996. The average age of their students is 60, and about three quarters are women, mostly housewives.

According to China Internet Network Information Centre, among the more than 68 million netizens in China, some 544,000 are above the age of 60.

Korea is known to be the most wired nation in the world with 14 million out of a population of 46 million subscribing to broadband services at home. Almost 43% of Koreans in their 50s said they used the internet in 2006.

The Infocomm Development Authority of Singapore reported that three in ten elderly people actively use the computer, while 20% have accessed the Internet in the past year.

Spire’s survey shows that even though ICT companies now have little or no strategies targeted at the older population, 28% of companies plan to develop one by 2010.

**Other industries to note:**

**Pharmaceutical and healthcare industries**

- The silver-haired segment is a traditional cash cow for the pharmaceutical and healthcare industries.
- A remarkable 45% of companies interviewed in these two sectors have existing marketing strategies targeting the silver-haired segment and plan to strengthen these efforts.
- Drivers of this trend include rising health-consciousness and therapeutic needs from conditions affecting the elderly, like osteoporosis and stroke. The risk of stroke more than doubles every decade for people aged over 55, whilst the majority who die of a stroke are over 65.

**Tourism industry**

- Half of the respondents in the lifestyle and leisure industry cited that they already have a silver-haired consumer focus.
- In particular, the hoteliers and tour agencies report a significant increase in older tourists that travel in groups and have catered packages especially for them.
- The reasons were that the older population have more leisure time on their hands and have relatively high disposable incomes from retirement funds.

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7 Source: NIDA statistics, as at November 2006
7 IDA Fact sheet: Infocomm usage in households & by individuals, 2006
8 Source: Merck website
Japan leading the pack in Silver Hair online marketing?

The growth in the elderly population and the findings of Spire’s study suggest substantial growth potential for products and services targeting the silver-haired segment. The implications of this demographic revolution have yet to impact many product categories. However, companies are gradually shifting gear by developing more age-specific products as well as online sales and marketing tactics targeting the elderly.

Nearly 90% of respondents viewed Japan as the region’s silver-haired market to watch out for. Japan has one of the fastest aging populations in the world and one of the lowest fertility rates. If UN Population Division predictions are correct, by 2050 more than 40% of Japanese could be over 60. Japanese companies have been pioneers in developing online services targeting the elderly – for instance, “telemedicine” services where elderly patients can “consult” a doctor via videoconference.

This suggests that the ICT industry may be a surprising beneficiary of Asia’s graying population, as shown by the burgeoning interest in this segment from IT companies and the inherent convenience afforded by online shopping to those who are less mobile. Online advertising, currently rated the sixth medium of choice (see Appendix, Fig. 5), will accelerate in keeping with this trend.
Appendix

Fig. 1: Countries with greatest potential for silver-hair marketing strategies

Countries that will offer greatest opportunities for the SH market in the next 5 years (n=105)

Source: Spire interviews with business executives in leading firms operating in Asia

Fig. 2: Silver-haired Population from 2005 to 2050

Asia Pacific’s demographic transformation

Source: US Census Bureau
Fig. 3: Silver Hair strategies for the near future

For those that do not currently have a silver-hair strategy, will a strategy be developed in the near future? (n=81)

Source: Spire interviews with business executives in leading firms operating in Asia

Fig. 4: Industrial beneficiaries

Industries that will benefit from silver-hair market growth (n=105)

Source: Spire interviews with business executives in leading firms operating in Asia
**Fig. 5: Choice media**

Media used to reach out to the silver-haired segment

![Bar chart showing media choices](chart.png)

Source: Spire interviews with business executives in leading firms operating in Asia

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**About Spire Research and Consulting**

Spire Research and Consulting is Asia’s leading strategic market intelligence consultancy. Spire’s competitive advantage lies in its ability to deliver to its clients actionable intelligence on the external business environment in support of their strategic decision-making in marketing and business development. Spire is one of the few companies in its industry to be headquartered in Asia. Spire’s clients include over 20 Fortune 500 organizations as well as Government agencies in nine countries. For more information, visit us at [www.spireresearch.com](http://www.spireresearch.com).

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